



# Financial Management Update

## Assistant Secretary of the Air Force (Financial Management & Comptroller)

December 1999

1. Y2K. We believe Air Force FM and DFAS are ready for Y2K. All systems, and especially pay systems, have been repaired and extensively tested. Extensive contingency plans are in place. We do not expect any significant problems. In other words: your pay is Y2K ready! (Mr Jake Bakker, SAF/FMPS, 227-6465)
2. FY00 President's Budget. The FY00 Congressional Budget Cycle came to a conclusion when the President signed the FY00 Department of Defense Appropriation Bill (Public Law 106-79) on 25 October 1999. For research purposes, the Congressional Conference Report (Report 106-371) can be found in the FML section of the SAF/FM Web Site. (Lt Col Dan Barnett, SAF/FML, DSN 224-7506)
3. Professional Development. SAF/FM continues to emphasize professional development. We hope everyone, and especially those in designated positions, has consulted the SAF/FM Web Site and read the guidelines for professional development that apply to their position. Everyone should be working on an Individual Development Plan to help them meet the guidelines. Those who have met the guidelines should contact their MAJCOM POC and apply for a certificate which will recognize their accomplishment and ensure their efforts are considered appropriately in promotion and other decisions. Everyone, especially those in designated positions, should be planning to meet the requirement to undertake 80 hours of continuing professional education every two years, with a minimum of 10 hours each year. (Col Maryetta Pesola, SAF/FMP, 227-2906)
4. Activity Based Costing/Management (ABC/M) Update. Mr Peters, SECAF, signed the Air Force ABC/M implementation plan to USD (A&T) on 28 October 1999 and put the Vice Chief of Staff in charge of the effort. Dr Kauvar, SAF/MI, briefed the plan to Dr Gansler, USD (A&T), on 15 December 1999. The plan calls for progressive ABC/M implementation. The Commands presented their pilot efforts and raised implementation issues at the worldwide conference at Randolph AFB TX, 30 September-1 October 1999. Command issues included software to accomplish the pilot efforts, the difficulty of obtaining cost information from legacy systems, the difficulty of using in-house personnel for the pilot efforts in view of other requirements, training, and funding for possible contract support. Dr Kauvar briefed the implementation plan to the Board of Directors (BOD) on 6 October 1999. In view of many pressing issues, such as the transition to EAF, the Air Force is considering an incentive plan to encourage Command participation. The ABC Working Group developed a draft implementation plan which was forwarded to Commands for comment. The draft incentive plan had two parts: 1) Commands would keep savings during the execution and budget year, and 2) HQ USAF would match, in the year of execution, any one-year savings achieved by ABC/M. A point paper on the status of ABC/M implementation was presented to CORONA FALL since CORONA TOP had directed each command to select a base for business process reengineering, with ABC as a recommended tool. Also, a 9 July 1999 memo from Dr Gansler directed the Services to implement ABC at depots and wherever else it could reasonably be expected to improve cost management. The Gansler memo required Service implementation plans and quarterly progress reports. For more information on ABC/M, contact SAF/FMCE, which offers an ABC/M course for both comptroller and functional personnel. (Mr Jerry Maatta, SAF/FMCEE, DSN 223-9346)
5. Expeditionary Aerospace Force (EAF). 1 October 1999 marked the birth of the EAF concept. However, as a result of the Kosovo Crisis, the implementation was partial. Specifically, 1 October 1999 through 28 February 2000 will constitute the transitional period. During the transitional period, the steady state deployment rotations will continue to be filled through the Palace Tenure program. And,

to the extent possible, the personnel identified through the Palace Tenure program were to be among those personnel apportioned to AEFs 1-4. Full implementation of the EAF concept is scheduled to occur 1 March 2000 with AEFs 5 and 6. The units that will fill the steady state rotations in AEFs 5 and 6, as well as 7-10, were identified during a sourcing conference at Langley AFB VA, 4-8 October 1999. Wartime Functional Area Managers from the Air Staff and MAJCOMs attended the conference and collectively decided which units would deploy each 90-day rotation. For FM, a total of 45 (40 enlisted and 5 officers) personnel will deploy each 90-day rotation. Additionally, the remaining "on-call" units apportioned to each AEF were prioritized, for future purposes, should the situation escalate. (Lt Col Yolanda Grove, SAF/FMPC, DSN 224-5398)

6. FY00 Military Pay Changes. Since the last FM Update was published, Congress passed and the President signed the FY00 National Defense Authorization Act. The new law contains several compensation enhancements for the military community. First, all military members will receive a 4.8% pay raise on 1 January 2000 (civilians will receive the same increase). The law also increases future pay raises by one-half a percentage point above the Employment Cost Index. Second, the law includes Military Pay Table Reform, which will restructure the Basic Pay Table and provide greater reward for promotions. Pay Table Reform is effective 1 July 2000 and will result in 74% of the Air Force population receiving a second pay increase in FY00. The third major compensation change included in the new law is the elimination of the "Redux" retirement plan, affecting members who entered the service after 31 July 1986. The new law provides these members with the option of: 1) Receiving 50% retirement at 20 years or; 2) Accepting a \$30K bonus payment at the 15-year point of their career and remaining under the "Redux" retirement plan (40% @ 20 years). Additional compensation changes include completing the transition to Basic Allowance for Housing, implementing an enhanced Aviation Continuation Pay Program and a Career Enlisted Flyer Incentive Pay. (Maj John Pletcher, SAF/FMBOP, DSN 225-0036)

7. Military Family Housing (MFH) Accounts to Fund Communication and Security Requirements. Policy guidance has been provided to the field to ensure compliance with Section 128 of the FY00 Military Construction Appropriations Act. This Act mandates "operations and maintenance of family housing and shall be the exclusive source of funds for repair and maintenance of all family housing units (including flag and general officer quarters)." As a result, funding for any equipment permanently affixed to family housing structures or installed in family housing areas, such as security, communications wiring/fiber, and antiterrorism or force protection measures must be funded from the MFH accounts. Permanently installed communications and security items associated with construction and improvement projects shall be funded with Construction (P711) and Improvement (P713) funds. Installation, acquisition, and maintenance of removable communications and security equipment shall continue to be funded from regular operation and maintenance or investment accounts, as appropriate. (Mrs Portia Joyner, SAF/FMBIC, 697-0015)

8. New Currency Added to Foreign Currency Fluctuation Accounts. On 1 January 1999, the Euro became the official currency of eleven member states of the European Union with a fixed conversion rate against their national currencies. The currencies of seven of these countries—Belgium, France, Germany, Italy, The Netherlands, Portugal, and Spain—are subject to Foreign Currency Fluctuation procedures. Effective 1 April 1999, the Euro currency was added to the list of those approved currencies subject to these procedures. Although the Euro notes and coins will not appear until 1 January 2002, the new currency now can be used in the form of check, travelers checks, bank transfers, credit card, or electronic purchases by consumers, companies, and governmental administration. (Ms Linda Kindurys, SAF/FMBIC, DSN 227-0140)

9. Budget and Accounting Classification Code (BACC). BACC inclusion in the Department's financial management systems was approved by the Under Secretary of Defense (Comptroller) [USD(C)] on 29 September 1994. BACC is the framework for interrelating planning, programming, budgeting, execution, and accounting functions. BACC architecture provides the means to record financial transactions using a standard coding structure. A Task Force consisting of DFAS and Service representatives developed a coding structure composed of major fields, each having related data element groups and data characters. The current structure includes 271 data characters and forty-six (46) data element groups. Thirty-three (33) of the data element groups meet standard DoD requirements. Thirteen (13)

of the data element groups are Service-specific and are coded with a combination of DoD standard and Service-unique codes.

The Air Force has dedicated considerable effort to code development. BACC is the foundation for system modernization and improvement efforts. The ABIDES Funds Management Pilot, a funds distribution system, scheduled to be fielded and tested at SAF/FMB in April 2000, applies the BACC coding structure in its validity tables. The pilot program will test a requirements and software technique that may be incorporated in FIRST or provide insights for applying other techniques. (Ms Sandra Williams, SAF/FMBMA-S, DSN 596-1119)

10. Responsibility Center/Cost Center (RCCC) Standardization. An Air Force Work Center Integrated Process Team (IPT) was established in November 1998 to conduct a review of the Responsibility Center/Cost Center coding structure. The IPT, with members from each Major Command/FOA/DRU, conducted its first meeting in March 1999. The IPT was tasked to develop a standard Work Center Coding Structure. Work Center is the DoD nomenclature for this BACC data element. The standard Work Center Coding Structure must identify organizations to be consistent with Budget and Accounting Classification Code (BACC) structure. The current RC/CC structure is a six-digit alphanumeric code in accordance with DFAS-DE 7000.1-R, Responsibility Center/Cost Center Codes. The standard structure will be a seven-digit alphanumeric code. The IPT will rewrite DFAS-DE 7000.1 as a new AFI 65-XXX to incorporate this revised standard structure. This effort is now about ninety percent complete. (Ms Sandra Williams, SAF/FMBMA-S, DSN 596-1119)

11. Financial Information Resource SysTem (FIRST) Acquisition Restart. After a year delay due to FY99 Congressional action, the FIRST acquisition effort is back on track. The enacted FY00 budget included funding for FIRST. On 25 October 1999, SAF/AQ approved a FIRST acquisition strategy. The FIRST Senior Review Group (SRG), chaired by Mr Bob Stuart, SAF/FMB, reviewed both the acquisition and spiral development strategies. Phase two of the architecture definition contract started in September 1999, with an estimated completion date of March 2000. We completed detailed requirements definition for Funds Management and Acquire Accounting application spirals and have started on Budget Formulation which is expected to be completed next July. We will need community-wide support in the upcoming year as we modernize our budget systems. (Mr Dennis Bryson, SAF/FMBMA-S, DSN 596-1446)

12. CY00 Comptroller Commander Selection Board. Congratulations to all those selected by the board held in October 1999. A list of selectees can be found on the SAF/FM Web Site. Overall the board selected 60 officers to fill 36 command vacancies. Judging from the last Lt Col selection board, the command prefix is a true discriminator. (Lt Col Barry Sterling, SAF/FMPC, DSN 225-0852)

13. Automated System Support for the International Merchant Purchase Authorization Card (IMPAC), the Government Purchase Card. As the DoD statistics were summarized for the end of FY99 the Air Force IMPAC program is considered the best in DoD in many areas. The Air Force led the way with the most timely payments and the highest rate of purchase card usage (98.3%) in DoD. This success will continue with automated systems support, both in-place and planned for the future.

a. Automated Purchase Card System (APCS). With APCS, the Air Force has automated the financial processing of purchase card transactions. Most locations are operational with APCS, with the exception of some Reserve, Guard, and overseas bases. At base level, this system receives the files from the US Bank and appropriation information from GAFS/BQ. APCS then combines the information to create a payment voucher for certification, an electronic payment authorization file for EFT payment to the Bank, and also updates the GAFS/BQ appropriation information with actual obligated amounts. For those completed systems, overall positive support has been received from the field praising APCS as an "excellent tool" for making the IMPAC payment, and "reducing paperwork and calls" between liaison and the OPLOCs. Even in the short term, many benefits can be seen for the Financial Services Office, the billing/approving officials, and resource advisors. The use of APCS enables the Air Force to continue making early payments, providing low account delinquency rates, and receiving high rebates from the bank.

b. Customer Automation and Reporting Environment (CARE). Under the GSA contract for the government purchase card, US Bank is developing the CARE system for future implementation. The Air Force and all DoD components are committed to transition to CARE, with advanced electronic transmission of accounting transactions, called Electronic Data Interface (EDI). CARE will also provide a web-based system with a cardholder log and a cost allocation management system. The Army began testing in November 1999 their version or "variant" of CARE. The Air Force version will require more development and will include installation invoice certification and post-payment certification capabilities. We are currently working with the bank to make sure that the successful Air Force "pay and confirm" policy continues. Projected testing may begin as early as May 2000. When the Air Force version of CARE is effectively tested and ready for implementation, we will transition from APCS to CARE. (Mr Geoff Brougham, SAF/FMPC, DSN 225-0140)

14. Use of Appropriated Fund (APF) IMPAC Cards. Questions continue to arise about the use of appropriated fund IMPAC cards. As a rule of thumb, if appropriated funds were not legally available for a procurement before the advent of the IMPAC card, they are not legally available now. The IMPAC card did not abrogate the propriety of funding rules established by statute, Congressional direction, Comptroller General decisions, and Air Force policy. This policy and additional detail were provided by SAF/FMBM message 261830Z Oct 99 to all major command FMs, CEs, LGs, SVs, JAs, PKs, and DOs. We continue to receive questions from Air Force personnel on the use of the IMPAC card for such things as party supplies, food and drink for commanders call, retirements, promotional items, and mementos for commander's gifts to visitors, and more. Continued attention and emphasis is required by financial managers at all locations to ensure Air Force funds are not used illegally or inappropriately. (Mr Joe Farrell, SAF/FMBMM, DSN 227-8250)

15. Status of AFMAN 65-604. The updated Air Force Manual (AFMAN) 65-604, Appropriation Budget Codes and Symbols, for FY00 was placed on the SAF/FM Web Site on 30 September 1999. Updated codes necessary to record US Special Operations Command transactions are available via e-mail from weatcom@socom.mil. Additional changes due to subsequent Congressional actions are being made. Final publication is expected January 2000. Questions should be referred to Mr Floyd Broussard, DSN 225-4595, or Ms Karen Raver, DSN 225-4939. (Mr Floyd Broussard, SAF/FMBMM, DSN 225-4594)

16. Status of Appropriations and Problem Disbursements. The Air Force continues to make significant progress in reducing the amount of problem disbursements in all three categories—NULOs, UMDs, and intransits. We are currently only 10 percent of total DoD problem disbursements. As of the end of the fiscal year, NULOs were \$390 million, down from \$622 million at the beginning of the fiscal year. UMDs were \$336 million on 30 September, down from \$723 million. Intransits ended the year at \$724 million, down from \$3,237 million. This reflects the hard work of many Air Force financial management and DFAS personnel. We continue to look for ways to make the process less expensive in time, effort, and funds. (Mr Lewis K. Dotson Sr., SAF/FMBMM, DSN 225-4942)

17. Interest Penalty Payments. Interest penalty payments are holding steady. DFAS-DE has started to include Orlando, Honolulu, and Japan in their figures, which may have changed the figures we have provided before. Also, we will ask DFAS-DE/PC to start including DFAS-EU (Europe) in these figures. Starting with May 1999 to September 1999, the trend is flat and is as follows: May = \$407K; June = \$369K; July = \$367K; August 413K; and September = \$468K. There was an increase in August and September. The September increase can be attributed to one large payment where the total interest cost amounted to over \$82K. Subtracting out this interest penalty payment makes a big difference and keeps the trend fairly flat. FSOs have been working hard to clear invoices on the TQ79 (Invoices Not Scheduled for Payment—or, in other words, invoices needing a receiving report so payment can be made), which has helped keep the interest payments from increasing. Continued focus and effort on the TQ79 by the FSOs coupled along with the backlog decrease at the OPLOCs should result in a downward trend over the next several months. One note of caution—we have noticed an increase in the number of receiving reports returned to the FSO by the OPLOCs because data are missing. Looking at the numbers for August = 1584, September = 2414, and October = 2607, reveals a 65% increase. Some of the interest penalty increase can be attributed to returned receiving reports. Financial Managers may want to analyze the receiving reports returned to their office and focus some extra resources and attention in this area to make sure receiving reports are proper and ready for processing

into Integrated Accounts Payable System (IAPS) by the OPLOC. (Mr Tom Prochazka, AFAFO/FMFA, DSN 926-5863)

18. Receiving Report Test. The receiving report test is now in its sixth month of testing. Although the majority of Financial Managers praise having the extra control, the interest penalty payments are not showing a decrease. This can be partially explained by the one large interest penalty payment made by one of the 26 test bases, which skew the figures. It should be noted that the test FSO was not responsible for the cause of this interest penalty. The interest was caused because an obligation was posted in an appropriation that was subsequently cancelled and an upward adjustment in current year funds was accomplished. We did ask the AFAA to perform a Management Advisory Service (MAS) review at 6 of the test receiving report bases. The results overall were good; however, they did find some administrative deficiencies. Major Garcia from the AFAFO will be providing more information on the areas requiring additional focus through his Quality Assurance network. (Mr Tom Prochazka, AFAFO/FMFA, DSN 926-5863)

19. Congressional New Start Notification. The HAC in both the FY99 and FY00 appropriation process expressed strong concerns over perceived Air Force and DoD abuses of new start flexibility in the acquisition process. As a result, revised guidance is being developed and will be included in the DoD FMR 7000.14-R and Air Force AFI 65-601, Vol 1. Basically, any effort not justified to and approved by Congress as part of the annual appropriation process is a new start and prior Congressional approval must be obtained before any obligations are incurred. Program managers, contracting personnel, and most importantly financial management personnel advising managers and commanders must be familiar with and sensitive to the new criteria. All questions must be referred to SAF/FMB for review and action. Additional information will be provided via the SAF/FM Web Site, Financial Management Update, The Air Force Comptroller magazine, and separate correspondence. It is imperative that we demonstrate that we understand and comply with Congressional direction in order to avoid more stringent statutory limitations. (Ms Marti Maust, SAF/FMBMM, DSN 225-0305)

20. Fuels Transition from Air Force Working Capital Fund (AFWCF) to Defense Energy Support Center (DESC). AF/ILSP, with SAF/FMBMR input, is working a new interface between the Fuels Automated System (FAS) Enterprise hub and DFAS Denver's BQ/BJ system to generate retail fuels bills. This interface will replace Standard Base Supply System (SBSS) functionality. SBSS is a legacy system scheduled for replacement. Testing of the FAS-E interface will begin at Barksdale AFB in January 2000. If successful, this interface will allow the transfer of Fuels from the AFWCF to the DESC to go forward as planned on 1 October 2001. Transfer of the Fuels business area to DESC will eliminate the AFWCF surcharge to Air Force fuels customers. (Ms Colleen Orfe, SAF/FMBMR, DSN 224-3803)

21. Advanced Academic Degrees and Professional Military Comptroller School (PMCS) Quotas. We just completed the FY01 Air Force Education Requirements Board process where each functional was awarded Masters/PhD funded quotas. This same process also allocates our PMCS quotas. We fared well on the Advanced Academic Degrees, obtaining 14 Master Degrees in Cost. This is an increase of 5 over last year. Other functionals received either the same amount as last year or less. PMCS was a different story. Inputs received from the Commands were nowhere near what we expected. Out of our usual 130 funded quotas the Commands only came in with a request totaling 30. We had to battle up from there against the other functionals. In the end, we received 117 funded quotas. The reduction was primarily due to funding constraints and repricing costs. The lack of justified inputs from Commands did not help either. (Lt Col Barry Sterling, SAF/FMPC, DSN 225-0852)

22. Annual Planning and Programming Guidance (APPG) Reengineering Master Schedule. The Air Force Center for Quality and Management Innovation has been tasked to assist in reengineering all career fields. As we continue to posture for the future, faced with the fiscal reality of no real growth, we must look at our critical manpower requirements and how we are doing business across the Air Force. The APPG is focused on reengineering processes to eliminate unfunded manpower authorizations. Since the Air Force top line won't increase, the expectation is that workload will be reduced/eliminated. FM is scheduled to start reengineering efforts of our manpower standards in FY02. The Air Force Council must approve resulting standards. This could get accelerated as we press forward

with other functional proposals such as merging career fields with manpower and quality and intensified working with Air Force Center for Quality and Management, and striving not to be last. (Lt Col Barry Sterling, SAF/FMPC, DSN 225-0852)

23. Career Field Education and Training Plan (CFETP). The new merged CFETP dated 31 October 1999 is out on the SAF/FM Web Site under the enlisted matters area. Training managers can download and begin using the new CFETP. We sent a camera-ready copy to the Air Force Publication Distribution Office (AFPDO) for printing and distribution. Training managers should watch the publication bulletins for the official release of the CFETP. The latest word from AFPDO is that they are considering not printing the CFETPs. They would rather post them to the Air Force publications Web Site for training managers to download. We'll keep you informed on that decision when it is made. (SMSgt George M. Varga, SAF/FMPC, DSN 224-5399)

24. On-the-Job Training (OJT) Guides. Special thanks to AMC/FM for updating all the OJT Training Guides to agree with the new numbering system on the Specialty Training Standard (STS). The new training guides are now located on the SAF/FM Web Site. In addition we are putting the OJT Training Guides on compact disk and will be distributing them to the Commands shortly. We also added training guides so that we have one for every core task identified on the STS. (SMSgt George M. Varga, SAF/FMPC, DSN 224-5399)

25. Resource Advisor Training. In late August 1999, a group of 20 financial managers met at Gunter Annex, Montgomery AL, to determine what we would like to see in a training course for resource advisors. We came up with approximately 70 tasks and drafted rough training packages for each task. Our plan was to take this material and incorporate it into a web-based interactive training course for resource advisors. For those of you familiar with the Resource Advisor Tutorial currently located on the SAF/FM Web Site, this course will be a follow-on to the tutorial. It will contain more of the "how-to" information for completing a task. In addition, we consolidated information from all of the OJT training guides that are currently on the Enlisted Matters Training page and then put them all together in one area for resource advisors. Recently appointed RAs and those looking for some refresher information should find these sites very useful. (SMSgt George M. Varga, SAF/FMPC, DSN 224-5399)

26. Air Force Working Capital Fund (AFWCF) Cash Reference/Training Manual. This training manual/reference guide to AFWCF cash management serves as a handy reference/training tool for those analysts responsible for any of the myriad duties associated with AFWCF cash management. The guide can be used as a desk reference where the user can annotate important checks and reminders for assisting in daily cash management and monitoring functions. The guide will be available on the SAF/FM Web Site. (Ms Vera Hammonds, SAF/FMBMR, DSN 224-3804)

27. Financial Management Web-Based Training. We recently conducted a workshop to review and update the current Resource Advisor Tutorial (<http://www.saffm.hq.af.mil/saffmra/index.html>). Efforts of the workshop will result in a substantially revised (and improved) Resource Advisory Course. This course will contain detailed financial management topics presented as stand alone modules. These modules will allow users a smaller "chunk" of material to digest as well as receive an associated module completion certificate. The certificate, among other information, will identify continuing professional education (CPE) credit for the module. Once the revised Resource Advisory Course is complete, the current Resource Advisor Tutorial will be renamed and serve as an "Introduction to Financial Management." Other web-based courses in development include Fiscal Law, Certifying Officer, RA OJT Training Guides, Comptroller Contingency Training, and Fraud Prevention. Our current web-based courses are the Resource Advisors Tutorial: <http://www.saffm.hq.af.mil/saffmra/index.html> and Antideficiency Act Investigator Training: <http://www.saffm.org/ada/entry.htm>. (Mr H. Christian Westergard, SAF/FMPC, DSN 227-2657)

28. SAF/FM Web Site. The World Wide Web Site for the Assistant Secretary of the Air Force, Financial Management and Comptroller, disseminates current and historical information pertaining to Air Force budgets, costs, economics, fiscal policies, and Congressional actions. The site also includes SAF/FM organizational, biographical, training, and newsworthy events of interest. This site is in the final stages of redesign. Recent revisions include a search engine and new navigation devices. All pages

now have a standard format, which gives the site an integrated appearance. We have also worked with the Professional Development Team to redesign their pages, to include on-line quizzes focused on The Air Force Comptroller magazine that allow individuals to take a quiz and, upon successful completion, generate a certificate with their name and date. These can be used to earn continuing education points (CEPs). We also worked with the FY01 BES Team to create a FY01 BES site that met all OSD requirements for content and security. We also continue to support all SAF/FM organizations through content development and uploads to the site. (Ms Debbie Cann, AFCAA/FMR, DSN 664-0402)

29. Air Force Working Capital Funds (AFWCF) WWW Site. The AFWCF Web Site is under construction. The initial setup and design has begun and after a few more additions, we will hit the Net. We plan to host information on our mission, business points-of-contact, current budget events, basic revolving fund education, and updates on ongoing reform efforts. This mission includes Air Force core competencies support, activity group structure, and basic budget information. Business POCs will include SAF/FMBMR focal points, as well as our focal points at OSD, Air Staff, MAJCOM, and other locations. Current budget events will include those items in the news such as depot competition results, pricing, stabilized rates, and the President's Budget. Basic revolving fund education will include overview briefings on AFWCF tenets, activity groups, and revolving fund concepts. Ongoing reform efforts will include information on task forces, summits, and the Integrated Product Teams currently focusing on improving the way revolving funds do business. (Ms Mona Sanders, SAF/FMBMR, DSN 223-6299)

30. Kosovo Lessons Learned. During the FM War Planner conference 16-20 August 1999 a total of 87 lessons learned were identified. After much discussion, 26 were closed with immediate resolution, 16 were determined to be duplicates, 2 were withdrawn and 43 remained open for follow-on action. Open action items included: 1) Clarification of the funding process for contingencies; 2) Improving the process for establishing accurate requirements at the deployed site; 3) Ensuring personnel deploy with the right personal items; 4) Determining a better process for getting funds to and establishing a source of funds at the deployed site; 5) Improving timeliness of reporting instructions; and 6) Clarifying policies on setting up travel accruals and establishing entitlements. To date, six of the open actions have been closed. A quarterly status report will be provided to the Wartime Functional Area Managers in each MAJCOM, FOA and DRU until all open action items have been closed. Key issues will be briefed at the FM Executive Session next spring. (Lt Col Yolanda Grove, SAF/FMPC, DSN 224-5398)

31. Working Capital Fund Financial and Material Inventory Accounting Procedures Will Change. SAF/FMB, AF/ILS, DFAS, AFMA, and various other experts are working to apply better inventory valuation techniques and more modern accounting procedures to supply management. A better method of valuing inventory at historical cost will be implemented, replacing the current method that overstates inventory value. This change will provide supply management activities a much more accurate record of material costs and improve pricing. Drawing from some recent research of civilian industry practices, a new concept of inventory management is being developed in order to simplify item accounting. The airline industry treats high-value repairable items as assets and vastly simplifies accounting detail. New options for financing the acquisition of repairables are being evaluated. A summary presentation of these valuation and accounting concepts presented to the USD Comptroller on 9 November 1999 was well received. Although much work remains to be done to construct a detailed outline of changes, and the final concept is far from approval, the USD Comptroller has indicated that inventory valuation changes may be implemented while ideas for changing inventory accounting procedures were worth pursuing to the next level of indenture. AFMC will establish a business office to redefine business rules, identify and work system changes, and develop and implement changes. SAF/FMB will lead with AF/ILS and AFMC support to develop policy, prepare changes, and formally request DoD approval for changes urgently needed to improve CFO compliance, identify and control costs, and modernize business practices. These changes are major elements of working capital fund strategy to improve operational support. Revised valuation techniques may be implemented this fiscal year (some system changes are already under way). Inventory accounting procedures are more complex and not likely to be presented to OSD for approval until March 2000. (Ms Mona Sanders, SAF/FMBMR, DSN 223-6299)

32. Centrally Managed Allotment (CMA). SAF/FM approved the following CMA for continued operations for FY00 as authorized by DoD 7000.14R Volume 14:

Description	Appropriation	OAC	ADSN
Foreign Currency Fluctuation Defense Operations and Maintenance	57*3400	34	380003
Foreign Currency Fluctuation, Construction, Military Construction	57*3300	34	380003
Foreign Currency Fluctuation, Construction, Family Housing Construction	57*7040	34	380003
Foreign Currency Fluctuation, Construction, Family Housing Operation and Maintenance	57*7045	34	380003
Military Personnel	57*3500	48	875825
Aviation Fuels, AFRC	57*3740	62	503000

The Air Force Materiel Command (AFMC) Transportation CMA is still under approval review by AFMA/FS and DFAS-DE/AC to continue operations for fiscal year 2000. (Mr Gregory W. Anthony, SAF/FMPC, DSN 224-5391)

33. FY00 Contingency Operations. FY99 contingencies are behind us and now we're placing our focus on developing the FY00/01 budget justification for contingency operations. We ended FY99 by successfully preparing and defending the FY99 Kosovo Emergency Supplemental which enabled us to provide the necessary resources to support Operations Allied Force, Shining Hope, and Sustain Hope. We accomplished these contingency missions while we maintained the resources required to support Southwest Asia and Bosnia. We could not have accomplished this challenge without timely and accurate input from the MAJCOMs. USD Comptroller and OMB scrutinized Kosovo requirements supporting the air campaign and reconstitution/redeployment well into September. In fact, we did not receive the final funding document for contingencies until 22 September 1999. At the request of Congress, the GAO prepared an audit on the availability of contingency funding, as the Kosovo operations were ongoing. The level of scrutiny employed during Kosovo Operations has set the stage for future contingency budget requests.

In recent USD Comptroller guidance they note, "Although Congress has been generally supportive of the Department's contingency requirements, many members have become concerned with the relative lack of justification data concerning US participation in contingency operations." In response to this concern, the House Appropriations Committee (HAC) included a new general provision, Section 8111, in its FY00 Appropriation Bill which requires DoD to include the same type of budget justification material for contingency operations as is provided for other DoD activities.

To prepare for the Contingency Operations Program Budget Decision (PBD 096), MAJCOMs provided cost estimates for FY00 participation in Southwest Asia, Bosnia, and Kosovo (Joint Guardian only) to SAF/FMBOI. The results of this PBD will set the funding baseline requirement for FY00/01. In light of increased Congressional interest, we have to enhance our budget justification for contingency requirements. The Call for FY00 Air Force Contingency Operations Cost (ref message 071108Z Oct 99) reflects the Congressional request for additional details. The days of simply ESP coding the obligations and reimbursement will follow are behind us. To ensure the necessary resources are available to support these real-world operations, the same level of scrutiny we apply to establishing our baseline requirements must be used in developing requirements for contingency operations. (Capt Howard Osborne, SAF/FMBOI, DSN 224-7511)



34. Reprogramming Rules Change. Our FY99 Omnibus Reprogramming request to OSD on 26 May 1999 included \$119.4M for O&M. We received \$87M in the last week of September 1999, which we used to cover only our most critical bills. The decrease in our request resulted from Congressional disapprovals of both requirements and sources. Reprogramming actions may become even more stringent in FY00. Based on language in the FY00 Defense Appropriations Act, OSD has eliminated notification reprogrammings. Henceforth, only Prior Approval reprogramming actions may be used for both general transfers and those exceeding within appropriation thresholds. (Lt Col Paul Hough, SAF/FBMOI, DSN 224-7510)

35. Air Force Top Dollar (AFTD) 2000. For those of you who don't know, Air Force Space Command volunteered to host AFTD '00. We held a kick-off conference at Peterson AFB in October 1999. We discussed a memorandum of agreement that we are drafting between SAF/FM and SAF/AQ concerning policies affecting the AFTD Competition. In addition, the AFTD Executive Committee and the Planning Committee received training on the system that we will use for the '00 competition, Business Solutions Exchange (BSX). For AFTD '98, we used a Web Site to post information. For AFTD '00, we will use BSX, which allows the committee members to post information, track milestones, and post discussion items. As we near the dates of the competition, the teams will use BSX to obtain information concerning the competition. We will use AFTD '00 as a test for this system and if it works out well, we will use it for future competitions. (SMSgt George M. Varga, SAF/FMPC, DSN 224-5399)

36. Federal Managers Financial Integrity Act. On 13 December 1999 the Secretary signed the Annual Statement of Assurance required by the Federal Managers' Financial Integrity Act. The statement, supported by letters of assurance from MAJCOMs, DRUs, Secretariat, and Air Staff offices reflects creditably on Air Force performance in FY99. We reported six new material weaknesses, one of which was corrected during the year. In addition, we closed five old weaknesses. Thanks for your support in putting together this year's product. (Mr Ira Pearlman, SAF/FMPF, DSN 225-6707)

37. The Defense Travel System (DTS). The DTS is an automated system for temporary duty (TDY) travel by DoD personnel. When the software is complete—and has been thoroughly tested—DoD and its contracting partner, TRW, will begin deployment in Defense Travel Region Six (DTR 6), an eleven-state area in north central US. Air Force activities in DTR 6 include five major installations: Ellsworth, Grand Forks, Minot, Offutt, and Whiteman AFBs; and numerous Air Reserve/Guard Components, Recruiting Service, ROTC and AFAA units.

The system is in its development and testing phases. Due to complexity of the project, the large number and variety of DoD systems involved, security issues, policy issues and legal requirements, the development and testing are taking longer than planned. The project is following a typical software development stream, and progress is being made. The contractor continues to build out the product, and DoD performs robust tests after various phases. The Joint Interoperability and Test Command (JITC), Ft Huachuca AZ, recently conducted more operational and acceptance testing, and noted problems which need to be fixed. At this point, the contractor is fixing these problems. We estimate the software will be ready for test again early in 2000. Following a battery of tests—including, ultimately, limited "live" testing at Whiteman AFB—DTS will be ready for deployment within the Air Force. After the successful completion at Whiteman, tests will be conducted by DoD within the other Military Services and Agencies, and the system will be ready for deployment DoD-wide.

Visit the Air Force Travel Reengineering Web Site regularly to obtain the latest information on DTS. The Web Site address is <http://www.saffm.hq.af.mil/travel/aftravel.html>. If you have questions regarding the Defense Travel System, or our Air Force Travel Reengineering Pilot Program, please contact the Travel Reengineering Division. (Lt Col Harold Fagan, SAF/FMBOT, DSN 224-8258)

38. Air Force Total Ownership Cost (AFTOC) Management Information System. AFTOC reached IOC on 30 September 1999, has been accredited, and is now Y2K compliant. If you visit the AFTOC Web Sites, <http://www.aftoc.tasc.com> or <http://aftoc.hill.af.mil>, you will notice expanded capability compared to last quarter. Second and third quarter FY99 data was posted to the Web Site. In addition we have cost data on Tactical Missiles, Munitions as well as Space, Aircraft and some C4I systems. We also added guard and reserve appropriations. We revised the methodology on CAIG indirects and

command indirects and Total Active Inventory (TAI), Primary Aircraft Inventory (PAI) and Flying Hours.

Five data cubes allow end user drilldowns on the data found in the standard products as well as the accounting, supply, depot maintenance, ammunition and personnel system feeds. An Excel plug-in tool, Essbase, provides direct access to the data cubes for custom report generation. The AFTOC Program Office has been offering training sessions on the Essbase application. In addition, we briefed AFTOC at several conferences and educated a wide range of audiences about its value. Our training point of contact is Mr Bill Smith, DSN 332-9246.

We used AFTOC data to develop the Reduction In Total Ownership Cost (R-TOC) baselines for the Defense Systems Affordability Council (DSAC). AFTOC worked closely with the DSAC format to make improvements and required changes prior to the DSAC Forum 31 August - 1 September 1999. The baselines and initiatives have been placed on the R-TOC web. (Mrs Lynn Davis, AFCAA/FMFT, DSN 664-0451)

39. Housing Privatization. The Air Force continues to work toward accelerating its military housing privatization initiative (MHPI). We currently have four pilot projects—Lackland AFB (already awarded) and Robins AFB, Elmendorf AFB, and Dyess AFB (in solicitation phase). We are incorporating lessons learned from these projects and exploring a new initiative that promises significantly reduced execution times. This new process will go a long way in helping the Air Force achieve its goal of revitalizing over 60,000 inadequate housing units by 2010. Kirtland AFB, Patrick AFB, and Moody AFB will be the first three projects to undergo the streamlined process if it is approved. The cornerstone of the new initiative will be a streamlined evaluation process and a heavy emphasis on partnering with industry in formulating and soliciting our projects. The FM community will still play a large role in these projects—both during the execution and long-term management periods. To help the MAJCOM and bases become more involved with these projects, SAF/FMCE will be offering a workshop on housing and utilities privatization in January 2000. (Mr Bob Helwig and Maj Randy Howard, SAF/FMCEE, DSN 227-1152)

40. Nonappropriated Funds (NAF) Oversight. AFI 65-107, Nonappropriated Funds Financial Management Oversight Responsibilities, 18 March 1994, has been revised. We expect to see it on the Electronic Publications Distribution Library in December 1999. NAFFA Training Aids 01, 03, and 7-15 have been updated. They will be placed on the SAF/FM Web Site by December. We are seeking volunteers from MAJCOM NAFFAs to host a three-day Air Force-wide installation NAFFA workshop at their base. The MAJCOM NAFFA workshop is scheduled for late January at the Air Force Academy. Installation NAFFA workshops will begin in March. One is planned for USAFE, and two for stateside. We will be presenting current issue updates, policy changes, training in areas of responsibility, HQ AFSVA briefings, and MAJCOM breakout sessions. (Mr Ken Lescarbeau, SAF/FMCEB, DSN 227-9414)

41. Air Force Cost Analysis Agency (AFCAA) Component Cost Analysis (CCA) Activities. Cost analysis reviews for the programs shown below are currently ongoing or scheduled for the Air Force Cost Analysis Agency:

F-22. This program is scheduled for a Low Rate Initial Production Defense Acquisition Executive Review in December 1999. The AFCAA was specifically tasked by the Program Executive Officer, Maj Gen Bolton, to analyze the cost effectiveness of planned cost reduction initiatives and EMD costs. The Cost Integrated Process Team (CIPT), made up of System Program Office (SPO) and AFCAA members, developed a Service Cost Position (SCP) which has been presented to the Air Force Cost Analysis Improvement Group (CAIG) and the Office of the Secretary of Defense (OSD) CAIG. The CIPT is working to understand differences between the OSD CAIG Independent Cost Estimate (ICE) and the Air Force SCP prior to the OIPT and the DAE review. (Mr Jay Jordan, AFCAA/FMA, DSN 664-0400)

Space-Based Infrared System-Low (SBIRS Low). The Milestone I Acquisition Decision Memorandum (ADM) for this ACAT 1D program was signed on 13 August 1999 approving entry into the Program Definition Risk Reduction (PDRR) phase. The Air Force Cost Analysis Improvement Group (AFCAIG), in support of this milestone, approved the SBIRS Low Service Cost Position on 12 May

1999. The PDRR phase consists of two FFP contracts that were awarded on 16 August 1999 in the amount of \$275M; each funded out of the 3600 appropriation. Starting in the second quarter of FY00, the SBIRS Low Cost IPT will update the SCP based on the PDRR contractors' designs in preparation for a follow-on DAB Program Review which will allow continuation of PDRR past System Design Review (SDR). The SBIRS Low component of the SBIRS architecture provides the low earth orbit (LEO) satellite constellation for precision midcourse tracking capability critical for effective Ballistic Missile Defense and improves capabilities for missile warning, technical intelligence, and battlespace characterization. (Ms B. J. White-Olson, AFCAA/FMS, DSN 332-9071)

Space-Based Infrared System-High (SBIRS High). The SBIRS Low Milestone I Acquisition Decision Memorandum (ADM) dated 13 August 1999 directed a Defense Acquisition Board (DAB) Program Review of the SBIRS High component in the first quarter of FY00 and update of the APB to incorporate the Joint Estimate Team (JET) recommendations. FY00 appropriations language limits the SBIRS program to \$100M of obligations in FY00 until the contract is definitized for changes that were directed by Congress to reduce program concurrency and lower the percentage of production money spent on advanced procurement to less than 20% (in compliance with DoD fiscal guidelines). In November 1999, the Air Force proposed a newly restructured program to reduce concurrency and lower the percentage of production money spent on advanced procurement. The Cost IPT is in the process of developing an updated Service Cost Position (SCP) for the restructured SBIRS High program baseline. The SBIRS High component of the SBIRS architecture features a mix of Geosynchronous Earth Orbit (GEO) satellites, Highly Elliptical Earth Orbit (HEO) satellites, and a new consolidated Ground Processing station. It will incrementally replace the existing DSP infrastructure over the FY99-FY03 timeframe, and provide space-based surveillance for missile warning, missile defense, battlespace characterization, and technical intelligence. (Maj Brian Shimel, AFCAA/FMSL, DSN 664-0457)

Global Position System Modernization (GPS-M). Due to ongoing programmatic changes and funding issues, completion of the Joint Service Cost Position (SCP) continues to slip. The original kick-off for this effort was in January 1999. The latest projection looks toward completion of the SCP and meeting the OSD Cost Analysis Improvement Group (CAIG) sometime in the spring of FY00. The Joint ORD, which was validated by the JROC on 16 June 1999, is still in coordination. In addition, the Program Review Group (PRG) completed its review of five alternatives to address program changes and funding disconnects. On 8 November 1999, the PRG recommended to the DRB an alternative that would fund for cost growth associated with the Operational Control System (OCS), additional development of user equipment (UE) for NAVWAR, and modernization starting with space vehicle (SV) #7 providing a 20db M-code spot beam and earth coverage. This alternative at a cost of \$616.6M was included in PDM 1. A second alternative containing the same changes as the first, but also includes retrofitting the first six IIF satellites at an additional cost of \$268.9M was also presented. Final decision on which alternative to select is still pending. The program also decided not to exercise its annual option for three IIF satellites in FY00; the second year in a row they have not done so. The GPS-M program is charged with developing and implementing improvements to GPS to increase its resistance to electronic attack and provide a variety of additional features to the space, ground control, and user equipment segments in addition to adding a new 3rd civil frequency. (Major Brian Melton, AFCAA/FMSS, DSN 332-9238)

Wideband Gapfiller System (WGS). Dr Gansler, USD (A&T), determined that due to its joint nature, the WGS program should be an ACAT 1D program. At the same time, it was decided that the program is a FAR Part 12 commercial procurement and as such, will not have any required cost reporting. There are currently eight different contractors looking to compete for this procurement. WGS will be a "commercial-like" satellite communication system consisting of three satellites which will augment the Defense Satellite Communication System (DSCS) satellites and Global Broadcast Service (GBS) payloads on Ultra-high frequency Follow-On (UFO) system satellites. WGS is looking toward a joint MS II/MS III DAB review around August of this fiscal year. The Cost IPT to develop the Service Cost Position (SCP) will kick-off in January 2000. WGS will provide worldwide wideband satellite connectivity to support military operations. "Gapfiller" is required until the Advanced Wideband Satellite System (AWSS) is fielded in FY10. (Major Brian Melton, AFCAA/FMSS, DSN 332-9238)

Discoverer II (DII). AFCAA and the National Reconnaissance Office (NRO) Cost Group (NCG) continued developing a Joint Independent Cost Estimate (ICE) of the DII Phase II effort in support of the DII Senior Oversight Group (SOG). The ICE team has reviewed the most current draft of the DII Joint Program Office's (JPO) Program Description Document (PDD), participated in site visits to the major contractors, and provided an interim ICE briefing to the JPO on 18 October 1999 and a final briefing on 10 November 1999. The JPO provided a copy of their latest Program Office Estimate (POE) dated 12 October 1999. The briefing to the DII SOG is currently planned for 1 December 1999. The DII program is an Air Force, Defense Advanced Research Projects Agency (DARPA), and NRO joint initiative. It will develop and demonstrate an affordable space-based radar (SBR) with High Range Resolution Ground Moving Target Indication (HRR-GMTI), Synthetic Aperture Radar (SAR) imaging capabilities and Digitized Terrain Mapping Elevation Data (DTED) that will revolutionize reconnaissance, surveillance, and precision geo-location support to the tactical warfighter. (Maj Ellen Barber, AFCAA/FMSS, DSN 664-0460)

JDAM (Joint Direct Attack Munition). The Cost Integrated Process Team (CIPT) is continuing its efforts in support of a Milestone III DAB in the early part of 2000. JDAM is a tailkit under development to meet both USAF and Navy needs, with the Air Force as the lead Service. The program will produce a weapon with high accuracy, all-weather, autonomous, conventional bombing capability. (Ms Ranae Woods, AFCAA/FMAW, DSN 332-9333)

Radar Technology Insertion Program (RTIP). An AFCAA-led CIPT developed a Service Cost Position (SCP) in support of a Milestone II DAB in FY00. The Cost Integrated Process Team (CIPT) is now preparing several "what if" excursions for the program office to address potential scope reductions and budgetary increases. The critical objective of the RTIP development is replacement of the Joint STARS radar with a totally new radar employing fourth generation, airborne phased array antenna technology, and commercially available digital signal processing technology. RTIP plays a key role in the emerging requirements for Airborne Ground Surveillance (AGS) both domestically and internationally. AFCAA is working closely with the user community as well as the programming community to establish a program plan to field a system that is both affordable and responsive to the crucial requirements of the war fighter. (Mr Jon Sweet, AFCAA/FMIC, DSN 664-0398)

Multifunctional Information Distribution System Low Volume Terminal (MIDS LVT0). AFCAA is part of a Navy-led Cost Integrated Process Team (CIPT) supporting a Low Rate Initial Production DAB in March 2000. The MIDS LVT provides tactical digital information exchange among fighter aircraft, airborne command and control, ground command and control, ground mobile, shipboard, and subsurface platforms. (Mr Jon Sweet, AFCAA/FMIC, DSN 664-0398)

Defense Integrated Military Human Resources System (DIMHRS). AFCAA is participating in a Navy-led CIPT, that is preparing a Component Cost Analysis of the Joint Program in support of a Milestone I decision anticipated in the second quarter of FY00. AFCAA is also responsible for reviewing the associated AF Program Cost. The DIMHRS is an automated information system that will integrate and modernize all military manpower and personnel data collection and processing capabilities in accordance with Department of Defense (DoD) requirements. (Mr Michael Peters, AFCAA/FMIA, DSN 664-0395)

TRANSCOM Regulating and Command & Control Evacuation System (TRAC2ES). AFCAA is leading the CIPT that is preparing a Component Cost Analysis of the Joint Program in support of a MS II decision anticipated in the second quarter of FY00. AFCAA is also reviewing the Air Force-unique program cost. TRAC2ES is the product of a 1993 DoD directive that tasked USTRANSCOM to establish a global C2 system for patient movement, integrating medical regulating, and evacuation processes. (Mr Michael Peters, AFCAA/FMIA, DSN 664 0395)

Standard Procurement System (SPS). AFCAA is supporting a DLA-led CIPT that is preparing a review of the Joint Program revised Acquisition Program Baseline. The review is to be completed by 31 January 2000. SPS will provide a fully functional automated information system (AIS), which will standardize the procurement business practices and data elements, by promoting the use of the same automated contracting procedures throughout DoD. (Mr Michael Peters, AFCAA/FMIA, DSN 664 0395)

Defense Civilian Personnel Data System (DCPDS). AFCAA is participating in an OSD-led Cost IPT that is preparing for a Milestone III decision scheduled for March 2000. The DCPDS is a computer-supported system designed to improve the accuracy, responsiveness, and usefulness of data required for civilian personnel management within the Air Force and Department of Defense. (Mr Michael Peters, AFCAA/FMIA, DSN 664 0395)

42. Air Force Cost Analysis Agency Analyses of Alternatives (AoA) Activities. The following AoA activities are being supported by the Air Force Cost Analysis Agency:

Air Mobility Command (AMC) Outsize and Oversize Analysis of Alternatives (AoA). The Outsize and Oversize AoA Study Director requested AFCAA perform a sufficiency review of the cost estimates for each of the seven alternatives in the AoA. The AoA is intended to identify the most cost-effective solution to correct the deficiency in AMCs ability to meet wartime outsize and oversize cargo airlift requirements. The AFROC was scheduled for 2 December 1999. (Ms Theresa O'Brien, AFCAA/FMAA, DSN 664-0394)

Electronic Combat Analysis of Alternatives (EC-X AoA). The Office of Aerospace Studies AoA Study Director requested AFCAA perform a sufficiency review of the cost estimates. The AoA is intended to identify most cost-effective replacement for the EC-130E aircraft supporting AFSOCs Psychological Operations (PSYOPS) mission. (Ms Theresa O'Brien, AFCAA/FMAA, DSN 664-0394)

43. Other Cost Analyses and Cost Related Issues. The following special studies are being conducted or supported by the Air Force Cost Analysis Agency (AFCAA) and/or the Directorate of Economics and Business Management (SAF/FMCE):

Advanced Concepts Estimate Formulation. We responded to an annual AF/XPXC war game tasking by completing the life cycle costing of 90 key weapon systems representing over 90% of the total obligation authority (TOA) last June. Each estimate/model was built in Excel and linked to a central spreadsheet for future manipulations. Our cost models include current systems, emerging fighter, transporter, space, laser, C3I, and unmanned air vehicle technologies. This year, AF/XPXC is requesting assistance with costing force structure in 2015-2020. Mr Gordon Clay, the AF/XPXC lead, expects a CORONA tasker to baseline 2005-2020 force structure. Estimates must be constrained by very little TOA growth over the next 15-20 years compared to a second force structure alternative which allows about 1.5% real growth per year. Expect the actual tasker sometime after the new year. (Lt Col Johnson, AFCAA/FMFS, DSN 332-9227)

Aging Aircraft Integrated Process Team (IPT). The Aging Aircraft IPT, led by Col Hickson, AF/ILM, expects to have another IPT session this month. The RAND study on the cost of aging aircraft is running behind schedule but is expected soon. We sat down with Col Hickson and took a macro look into the costs to support the entire fleet in relation to age. The age/cost variables resulted in a very poor (R2) correlation. We surmised that at the macro level, the age was greatly influenced by the retirement of older systems and replacements of some newer aircraft. The surprise finding was that the fleet's average age increased only 3.1 years over the period 1989 - 1998. We are now looking into normalizing the total cost of certain weapon systems by flying hours and Total Active Inventory (TAI). (Lt Col Eugene O. Johnson, AFCAA/FMFS, DSN 332-9227)

Future Total Force (FTF) Follow-on: The FTF Integrated Process Team (IPT) held an action officer meeting on 27 October 1999. FTF is a CSAF-directed study on alternative force structures. AF/XPXQ leads the team focused on evaluating alternatives that combine Active, Reserve, and Guard functions into a seamless force. We continue to provide cost expertise and suggestions to improve the product. The October meeting was concise with its main thrust being to refocus on the year-to-date progress. The cost-working group, led by SAIC personnel, provided a short presentation on the life cycle costs of a KC-135 pilot's 22-year career. In addition, we provided comments centered on the effort required to produce this level of cost detail. The original task centered on the life-cycle cost of selected rated career field members. The follow-on task looks at life cycle costs of non-flying specialties with emphasis on education/training. The team is working toward a December deliverable for the General Officer Steering Group. (Lt Col Eugene O. Johnson, AFCAA/FMFS, DSN 332-9227)

Air Force Program Projection (AFPP) Review. The AFPP process is in full swing, our team met with representatives from ACC/XP/XR, AMC/XP/FM, and Space & Missile Center, SMC/XR. We discussed ways to improve the process for this year and next. The AF/XP IPT will discuss establishing an O&M subgroup led by AF/IL. The total requirements submitted by the MAJCOMs is well over the guidance threshold. This means the MAJCOMs need to prioritize their projections. MAJCOM inputs are expected this week. The AFPP IPT wants to do a better job of cross-feeding pertinent information with FTF & QDR. Overall, the visits were successful, we exchanged ideas and fielded concerns with the timeline (MAJCOMs are concerned that the drill overlaps the POM process). Next year's AFPP is expected to begin after the POM in March. Another MAJCOM concern is adequate time to reassess the baseline program costs. Hopefully, the earlier start will alleviate concern. (Lt Col Eugene Johnson, AFCAA/FMFS, DSN 332-9227)

Spacelift Task Force (SLTF) Study. AFCAA assisted with the SLTF study. On 11 June 1999, an SLTF briefing was presented to Dr Gansler, USD (A&T). The study was to help determine how launch range operations should be conducted in the future by looking at various alternatives involving different levels of government vs. commercial involvement. (Mr Michael Bollinger, AFCAA/FMSL, DSN 664-0401)

Contractor Cost Data Report (CCDR) Plans. AFCAA/FMI is continuing to support the OSD CCDR Project Office Focus Group. This group is evaluating alternatives to acquire actual costs of software development. Recommendations will be taken forward to the OSD Cost Analysis Improvement Group Chairman. (Maj Pat Van der Wissel, AFCAA/FMIC, DSN 332-9255)

44. Air Force Cost Analysis Agency Research. The following research contract activities are being supported by the Air Force Cost Analysis Agency:

Ruggedized COTS Electronics Study. \$80K—awarded September 1999. Commercial-off-the-Shelf (COTS) electronics are rapidly becoming more common in modern military hardware programs in place of specially designed military electronics. Increased commercial markets, high production rates, common processors, and piece parts are all factors that allow COTS electronics to be more economical for modern military hardware designers. Nevertheless, military systems using COTS components still require a certain amount of ruggedization or customization to meet the warfighter needs, and these costs are difficult to understand and predict. The purpose of this project is to develop a cost database to quantify COTS hardware costs encompassing different ruggedization levels. In order to capture different ruggedization levels, parameters such as radiation hardness levels, vibration levels, temperature levels, and altitude levels will be analyzed to understand how these parameters impact costs. An added benefit will allow the analyst to provide augmentation to design-to-cost analyses regarding system hardness capabilities of a design using COTS components. (Mr Eric Plumer, AFCAA/FMR, DSN 332-9128)

Discoverer II Component Cost Analysis (CCA) Technical Assistance. \$75K—awarded September 1999. The primary objective of the Discoverer II (DII) program is to demonstrate the capability to obtain Ground Moving Target Indicator (GMTI) imagery from space, using a system that is projected to be low cost. Since DII is not an operational system, parameters of numerous characteristics such as collection area rate, resolution, bandwidth, and spacecraft agility can be traded, thereby lowering thresholds to achieve the cost goals of the demonstration. The contractor (SAIC) is tasked with supporting the Air Force Cost Analysis Agency (AFCAA) with its CCA effort for the DII demonstration program. The contractor will augment AFCAA in the areas of research, field data collection, and data analysis on engineering and cost. (Ms Patrice Jones, AFCAA/FMR, DSN 664-0412)

Independent Verification & Validation (IV&V). \$600K—awarded July 1999. The Air Force Total Ownership Cost (AFTOC) system provides the Department of Defense users cost information for weapon systems and installations. Source data is collected from over 14 Air Force financial and logistics systems. The scope of this effort includes testing AFTOC software applications, verification, and validation of AFTOC databases to include metadata, and identifying potential data processing improvements. (Ms Patrice Jones, AFCAA/FMR, DSN 664-0412)

Technical Support Umbrella Contract. The current technical support contract with The Analytical Sciences Corporation (TASC) expires mid-June 2000. The proposed strategy for the follow-on is an umbrella contract (i.e., multiple contract awards are proposed to the contractors that represent the best value to the Government). The proposed contracts will allow the Government to acquire an indefinite quantity, within stated limits, of supplies or services during a fixed period, with deliveries or performance to be scheduled by placing task orders under a contract to a contractor. Market analysis indicated potential sources for this acquisition from the Sources Sought published in the Commerce Business Daily in September 1999. The Government intends to release the draft solicitation to industry and will encourage industry participation in putting the final solicitation package together. An early May 2000 award(s) is anticipated. (Ms Patrice Jones, AFCAA/FMR, DSN 664-0412)

Knowledge Management. At the request of Mr Kammerer, SAF/FMC, AFCAA conducted market research to find companies providing assistance to organizations in the area of Knowledge Management. Five companies provided briefings, presentations, and demonstrations to SAF/FMC, AFCAA, and FMCE Divisions Chiefs. PriceWaterhouseCoopers, Mitretek, TASC, Arthur Andersen, and Tecolote Research, Inc., discussed their understanding of the concepts of Knowledge Management as well as key factors for a Knowledge Management system to succeed in an organization (i.e., leadership, culture, process, and technology). An evaluation summary of the briefings/presentations was forwarded to Mr Kammerer and the Division Chiefs. The next step is deciding whether a Knowledge Management system would benefit the organization and whether to start from scratch or start with a prototype tailored from an existing Government owned system. (Ms Patrice Jones, AFCAA/FMR, DSN 664-0412)

(Signed)

ROBERT F. HALE  
Assistant Secretary of the Air Force  
(Financial Management and Comptroller)